

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Express Mail  
Express Mail Contract 13

Docket No. MC2013-50

Competitive Product Prices  
Express Mail Contract 13 (MC2013-50)  
Negotiated Service Agreement

Docket No. CP2013-63

PUBLIC REPRESENTATIVE COMMENTS  
(May 22, 2013)

I. BACKGROUND

In response to Order No. 1719, the Public Representative hereby comments on the proposal of United States Postal Service (USPS or Postal Service) to add Express Mail Contract 15 to the competitive product list ("Request").<sup>1</sup> It asserts that this contract is for a competitive product "not of general applicability" within the meaning of 39 U.S.C. 3632(b)(3). *Request at 1.* The Public Representative has examined the terms of the contract, supporting materials, and concludes that the Postal Service's Request comports with the provisions of title 39.

DISCUSSION

The Postal Service is requesting approval to add Express Mail Contract 15 to the competitive product list. The contract allows for discounts and other terms appropriate for Express Mail service.

The Public Representative has reviewed the revenue and cost estimates the Postal Service developed for the mailing profile of this contract partner, and the inflation factors estimated from historical data that comprise the primary cost areas of providing Express Mail. The Public Representative's review has led him to the conclusion that the

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<sup>1</sup> Request of the United States Postal Service to Add Express Mail Contract 15 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, May 15, 2013 (Request).

application of historical revenues, costs, and inflation to the mailing profile of this partner has been performed in accordance with method used by many, previously accepted, competitive NSAs. The contract allows for annual price increases to help offset the possibility that costs will increase during the life of the contract. Moreover, the coverage factor in the base year makes a substantial contribution towards the recovery of the Postal Service's institutional cost, so that it is highly unlikely contribution would fall below 5.5 percent were inflation of the various component costs to exceed their estimated increase.

Because the contract is estimated to make a substantial contribution towards the recovery of the Postal Service's institutional costs, and the risk of making a contribution below 5.5 percent is very small, the PR concludes that this contract provides a benefit to the Postal Service's customers who are not participating in this contract, as well as the Postal Service. The contract also provides the contract partner with discounted prices for Express Mail service based on its mailing profile, so the contract will also benefit the partner. Moreover, the contract provides allows either party to terminate the contract within 30 days. The Public Representative concludes that the contract will benefit the Postal Service, the contract partner, and the general public.

## II. CONCLUSION

After reviewing the financial information and other materials the Postal Service submitted under seal in this case, the Public Representative concludes that Express Mail Contract 15 comports with the relevant provisions of title 39 and should be approved.

Respectfully submitted,

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Lawrence Fenster  
Public Representative for  
Docket Nos. MC2013-15 & CP2013-63